

TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 0 - 1 5

2. STATE:

NC

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

September 18, 2000

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.272

7. FEDERAL BUDGET IMPACT:

a. FFY 00 \$ 13,264,422

b. FFY \$

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A pages 15, 16, 17, and 18

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-A pages 15, 16, 17, and 18

10. SUBJECT OF AMENDMENT:

Disproportionate Share Teaching Hospital for Qualified Public Hospitals

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:

Not required

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

H. David Bruton, MD

14. TITLE:

Secretary

15. DATE SUBMITTED:

9-18-2000

16. RETURN TO:

Office of the Secretary
Department of Health & Human Services
2001 Mail Service Center
Raleigh, North Carolina 27699-2001

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

September 28, 2000

18. DATE APPROVED:

May 24, 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

September 18, 2000

20. SIGNATURE OF REGIONAL OFFICIAL:

Hugh J. Wilson, Jr. and Susan

21. TYPED NAME:

Eugene A. Cravner

22. TITLE: Associate Regional Administrator
Division of Medicaid and State Operations

23. REMARKS:

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

- (i) Disproportionate share payments to hospitals are limited in accordance with The Social Security Act, As Amended, Title XIX section 1923 (g) and (f).
- (j) Subject to the availability of funds, hospitals licensed by the State of North Carolina that either for the fiscal year immediately preceding the period for which payments under this paragraph are being ascertained or for such earlier period as may be determined by the Director that:
 - (i) Qualify as disproportionate share hospitals under Subparagraphs (a)(1) through (5) of this plan;
 - (ii) Operate Medicare approved graduate medical education programs and reported on cost reports filed with the Division Medicaid costs attributable to such programs;
 - (iii) Incur unreimbursed costs (calculated without regard to payments under either this Paragraph or Paragraph (k) of this Plan) for providing inpatient and outpatient services to uninsured patients in an amount in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000.00); and
 - (iv) Meet the definition of qualified public hospitals set forth in Subparagraph (6) below;

shall be eligible for disproportionate share payments for such services from a disproportionate share pool under the circumstances specified below:

- (1) Qualification for 12 month periods ending September 30 of each year shall be based on the most recent cost report data and uninsured patient data filed with and certified to the Division at least 60 days prior to the date of any payment under this paragraph
- (2) Payments made pursuant to this Paragraph shall be calculated and paid no less frequently than annually, and prior to the calculation and payment of any disproportionate share payments pursuant to Paragraph (k) of this Plan, and may cover periods within the fiscal year preceding or following the payment date.

TN. No. 00-15
Supersedes
TN No. 97-07

Approval Date MAY 24 2001

Eff. Date 09/18/00

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

(3) For the 12 month period ending September 30, 1996 a payment shall be made to each qualified hospital in an amount determined by the Director of the Division of Medical Assistance based on a percentage (not to exceed a maximum of 23 percent) of the unreimbursed costs incurred by each qualified hospital for inpatient and outpatient services provided to uninsured patients.

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State Plan Under Title XIX of the Social Security Act
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State: NORTH CAROLINA

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(4) In subsequent 12 month periods ending September 30th of each year, the percentage payment shall be ascertained and established by the Division by ascertaining funds available for payments pursuant to this Paragraph divided by the total unreimbursed costs of all hospitals that qualify for payments under this Paragraph for providing inpatient and outpatient services to uninsured patients.

(5) The payment limits of the Social Security Act, Title XIX, section 1923(g)(1) applied to the payments authorized by this Paragraph require on a hospital-specific basis that when this payment is added to other disproportionate share hospital payments, the total disproportionate share payments shall not exceed the percentage specified by the Social Security Act, Title XIX, Section 1923(g) of the total costs of providing inpatient and outpatient services to Medicaid and uninsured patients for the fiscal year in which such payments are made, less all payments received for services to Medicaid and uninsured patients. The total of all disproportionate share hospital payments shall not exceed the limits on disproportionate share hospital funding as established for this State by HCFA in accordance with the provisions of the Social Security Act, Title XIX, Section 1923(f).

(6) For purposes of this Paragraph, a qualified public hospital is a hospital that: qualifies for disproportionate share hospital status under Subparagraphs (a)(1) through (5) of this Plan; does not qualify for disproportionate share hospital status under Subparagraph (a)(6) of this plan; was owned or operated by a State (or by an instrumentality or a unit of government within a State) during the period for which payments under this paragraph are being ascertained; verified its status as a public hospital by certifying state, local, hospital district or authority government control on the most recent version of Form HCFA-1514 filed with the Health Care Financing Administration, U.S. Department of Health and Human

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Services at least 30 days prior to the date of any payment under this Subparagraph that is still valid as of the date of any such payments; files with the Division at least 60 days prior to the date of any payment under this paragraph by use of a form prescribed by the Division a certification of its unreimbursed charges for inpatient and outpatient services provided to uninsured patients either during the fiscal year immediately preceding the period for which payments under this paragraph are being ascertained or such earlier period as shall be determined by the Director; and submits to the Division on or before 10 working days prior to the date any such payments under this paragraph by use of a form prescribed by the Division certification of expenditures eligible for FFP as described in 42 C.F.R. § 433.51(b).

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Payments for Medical and Remedial Care and Services: Inpatient Hospital

- (7) To ensure that the estimated payments pursuant to this Paragraph do not exceed the upper limits to such payments established by applicable federal law and regulation described in Subparagraph (5), above, such payments shall be cost settled within 12 months of receipt of the completed and audited Medicare/Medicaid cost report for the fiscal year for which such payments are made. If any hospital received payments pursuant to this Paragraph in excess of the percentage established by the Director under Subparagraph (j)(3) or (4) of this plan, ascertained without regard to other disproportionate share hospital payments that may have been received for services during the 12 month period ending September 30 for which such payments were made, such excess payments shall promptly be refunded to the Division. No additional payment shall be made to qualified hospitals in connection with the cost settlement.
- (8) The payments authorized by this Paragraph shall be effective in accordance with G.S. 108A-55(c).

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Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

- (i) Disproportionate share payments to hospitals are limited in accordance with The Social Security Act, As Amended, Title XIX section 1923 (g) and (f).
- (j) Subject to the availability of funds, hospitals that: qualify as disproportionate share hospitals under Subparagraphs (a)(1) through (5) of this plan for the fiscal years ended September 30, 1995 through 2000; operate Medicare approved graduate medical education programs and reported Medicaid costs attributable to such programs to the Division on cost reports for fiscal years ending in 1995 through 2000; incur for the 12-month period ending September 30, 2000 unreimbursed costs (calculated without regard to payments under either this Paragraph or Paragraph (k) of this Plan) for providing inpatient and outpatient services to uninsured patients in an amount in excess of two million five hundred thousand dollars (\$2,500,000); and meet the definition of qualified public hospital set forth in Subparagraph(6) below, shall be eligible for disproportionate share payments for such services from a disproportionate share pool under the circumstances specified below:
 - (1) Qualification for the 12 month period ending September 30, 1996 shall be based on cost report data and uninsured patient data certified to the Division by hospitals on or before September 23, 1996 for fiscal years ending in 1995, in connection with the disproportionate share hospital application process. Qualification for subsequent 12 month periods ending September 30 of each year shall be based on cost report data and uninsured patient data certified to the Division by hospitals on or before September 1 of each subsequent year, for the fiscal year ending in the preceding calendar year.
 - (2) Any payments made pursuant to this Paragraph shall be calculated and paid no less frequently than annually, and prior to the calculation and payment of any

State Plan Under Title XIX of the Social Security Act
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disproportionate share payments pursuant to Paragraph (k) of this Plan.

- (3) For the 12 month period ending September 30, 1996 a payment shall be made to each qualified hospital in an amount determined by the Director of the Division of Medical Assistance based on a percentage (not to exceed a maximum of 23 percent) of the unreimbursed costs incurred by each qualified hospital for inpatient and outpatient services provided to uninsured patients.

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Payments for Medical and Remedial Care and Services: Inpatient Hospital

- (4) In subsequent 12 month periods ending September 30th of each year, the percentage payment shall be ascertained and established by the Division by ascertaining funds available for payments pursuant to this Paragraph divided by the total unreimbursed costs of all hospitals that qualify for payments under this Paragraph for providing inpatient and outpatient services to uninsured patients.
- (5) The payment limits of the Social Security Act, Title XIX, section 1923(g)(1) applied to the payments authorized by this Paragraph require on a hospital-specific basis that when this payment is added to other disproportionate share hospital payments, the total disproportionate share payments shall not exceed 100 percent of the total costs of providing inpatient and outpatient services to Medicaid and uninsured patients for the fiscal year in which such payments are made, less all payments received for services to Medicaid and uninsured patients. The total of all disproportionate share hospital payments shall not exceed the limits on disproportionate share hospital funding as established for this State by HCFA in accordance with the provisions of the Social Security Act, Title XIX, Section 1923(f).
- (6) For purposes of this Paragraph, a qualified public hospital is a hospital that: qualifies for disproportionate share hospital status under Subparagraphs (a)(1) through (5) of this Plan; does not qualify for disproportionate share hospital status under Subparagraph (a)(6) of this plan; was owned or operated by a State (or by an instrumentality or a unit of government within a State) as of September 1 through and including September 30, of the year for which payments under this paragraph are being ascertained; verified its status as a public hospital by certifying state, local, hospital district or authority government control on the most recent version of Form HCFA-1514 filed with the Health Care Financing Administration, U.S. Department of Health and Human

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Services on or before September 1 of the year for which payments under this paragraph are being ascertained; files with the Division on or before September 1 of the year for which payments under this paragraph are being ascertained by use of a form prescribed by the Division a certification of its unreimbursed charges for inpatient and outpatient services provided to uninsured patients during the fiscal year ending in the calendar year preceding the fiscal year for which payments under this paragraph is being ascertained; and submits to the Division on or before September 1 of the year for which payments under this paragraph are being ascertained by use of a form prescribed by the Division a certificate of public expenditures.

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Medical Assistance Program
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

- (7) To ensure that the estimated payments pursuant to this Paragraph do not exceed the upper limits to such payments established by applicable federal law and regulation described in Subparagraph (5), above, such payments shall be cost settled within 12 months of receipt of the completed cost report covering the period for which such payments are made. If any hospital received payments, pursuant to this Paragraph in excess of the percentage established by the Director under Subparagraph (j)(3) or (4) of this plan, ascertained without regard to other disproportionate share hospital payments that may have been received for services during the 12 month period for which such payments were made, such excess payments shall promptly be refunded to the Division. No additional payment shall be made to qualified hospitals in connection with the cost settlement.
- (8) The payments authorized by this Paragraph shall be effective in accordance with G.S. 108A-55(c).

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